

REAUTHORIZATION The Final Chapter

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Outline

- Overview
- Highlights
 - National
 - Michigan
- Impacts for Michigan



Overview



- **Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA- LU)**
 - TEA-21 expired Oct. 1, 2003
 - 12 Extensions – covering 680 days
 - House & Senate approved final version July 29
 - President Bush signed Aug. 10, 2005
 - Bill is 1,752 pages long - MDOT staff analyzing details

Nationwide Guaranteed Spending

	% of Total	Billions
Highways	79.1%	\$193.2
Transit	18.6%	\$45.3
Safety	2.3%	\$5.6
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5 yr total (2005-09)	100%	\$244.1
2004 Enacted		\$42.3
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Total		\$286.4

National Highlights



- Budget firewalls retained for highways and transit
- Rate of return increases to 92% by bill's end
- RABA improved
 - Reduced potential for large adjustments
 - No negative adjustment if HTF balance exceeds \$6 billion
- Significant increase in \$ value and number of earmarked projects

National Highlights

- Increased focus on safety
 - 2x increase in funding
 - New apportioned safety programs
 - Requires strategic highway safety plan
 - Work zone safety
 - Older drivers
- Improved tools for congestion relief
- Commission to examine future program and funding



National Highlights

- Enhanced opportunities for innovative finance
 - Expands authority for private activity bonds
 - Reduced cost threshold for TIFIA projects
 - New, but limited, opportunities to toll
- New requirement for financial oversight of large projects



National Highlights



- Makes few changes to core programs
- Equity bonus replaces minimum guarantee
 - Minimum guaranteed return increases to 92% by FY 2008
- Mixed bag of changes to statewide & metropolitan planning
 - Added flexibility and efficiency
 - Add safety and security planning
- Continued environmental streamlining

National Highlights



- Priorities in Transit Funding
 - Rural areas
 - Transit intensive small cities
 - Growing and high density states
 - New Freedom Program for elderly and disabled populations
 - Job access and reverse commute
 - Bus capital needs

Michigan Highlights

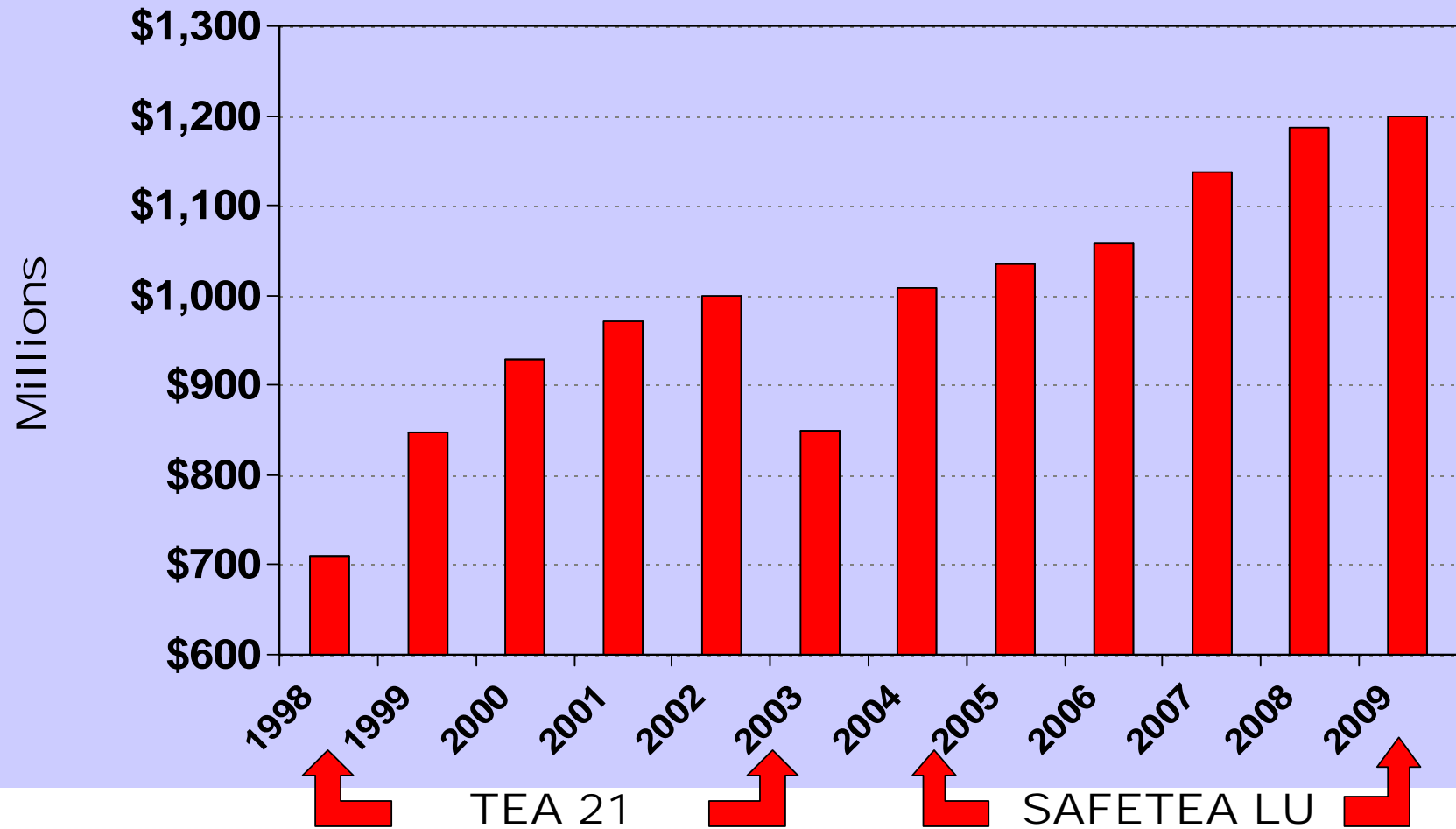
- Highways – on average \$239 million more per year than TEA-21
- Transit – on average, increase of \$37 million/year
- 92% rate of return by 2008
- More dollars = More jobs



Highway Funding Summary

Fiscal Year	Funding	\$ change vs. prior yr	% change vs. prior yr
2005	1,034,591,711	26,149,082	2.6%
2006	1,057,665,835	23,074,124	2.2%
2007	1,137,504,509	79,838,674	7.5%
2008	1,187,561,860	50,057,351	4.4%
2009	1,199,369,558	11,807,698	1.0%
Annual Avg.	1,123,338,695	38,185,386	3.6%

Michigan's Historical and Anticipated Highway Funding

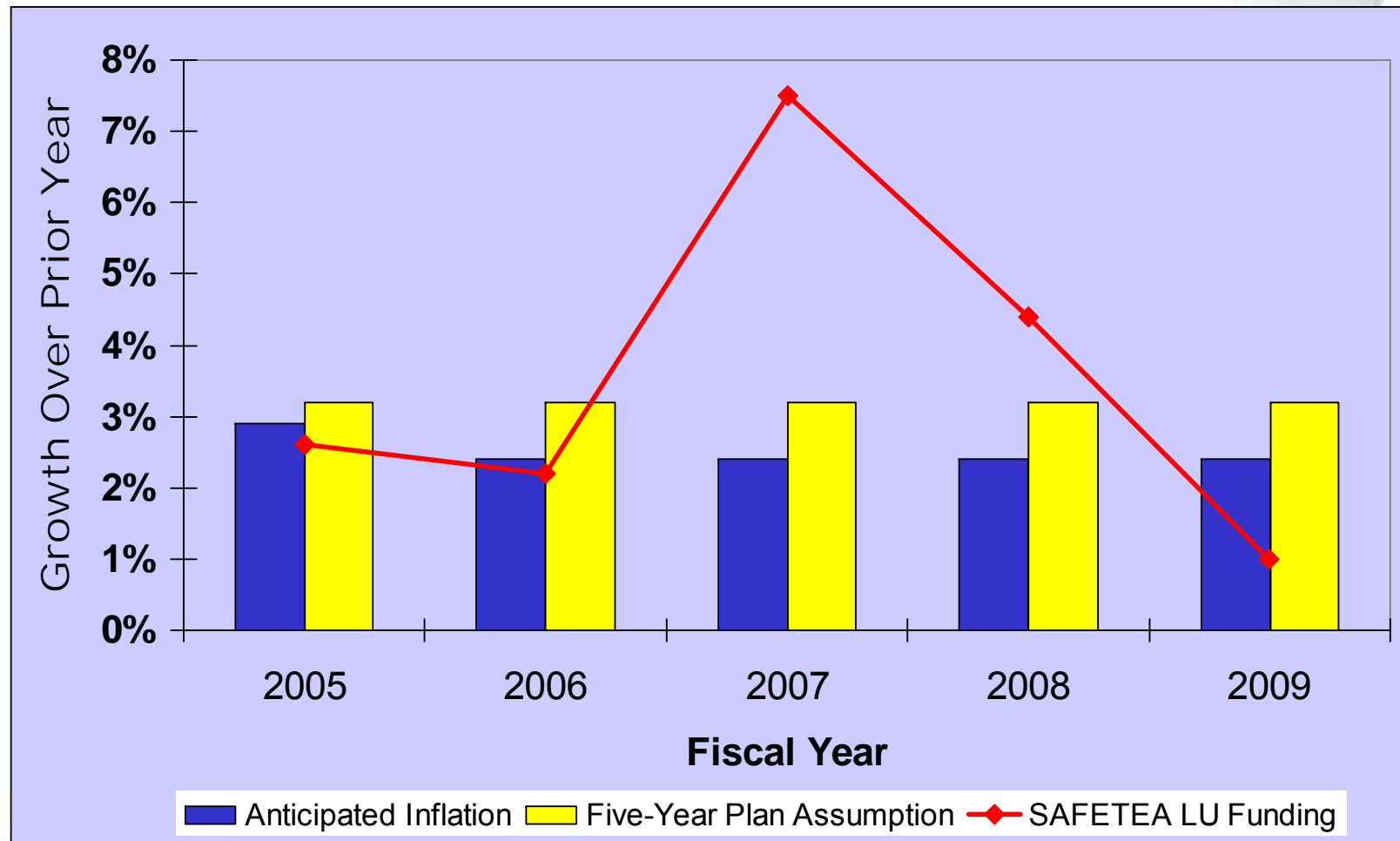


Comparison of Funding Growth Rates

Growth rates expressed as increase over prior year

Fiscal Year	Reauthorization Funding	5 Year Plan Assumption	Anticipated Inflation
2005	2.6%	3.2%	2.9%
2006	2.2%	3.2%	2.4%
2007	7.5%	3.2%	2.4%
2008	4.4%	3.2%	2.4%
2009	1.0%	3.2%	2.4%
Annual Avg.	3.6%	3.2%	2.5%

Comparison of Funding Growth Rates



Apportioned Transit Funding Summary



Fiscal Year	Funding	\$ change vs. prior yr	% change vs. prior yr
2005	80,401,224	-1,381, 344	-1.7%
2006	99,366,924	18,965,700	23.6%
2007	103,419,449	4,052,525	4.1%
2008	112,147,298	8,727,849	8.4%
2009	119,135,870	6,988,572	6.2%
Annual Avg.	102,894,153	7,470,660	8.1%

Rate of Return

Fiscal Year	Minimum Guaranteed Rate of Return	Michigan's Projected Rate of Return
2005	90.50%	90.54%
2006	90.50%	90.50%
2007	91.50%	91.50%
2008	92.00%	92.00%
2009	92.00%	92.00%

Guaranteed Rate of Return could increase to 92% in FY 2007 if a positive RABA adjustment occurs.

State of Michigan Earmarks

High Priority Projects - Highway	\$314,268,000
High Priority Projects - Transit	90,636,000
Projects of National & Regional Significance	20,000,000
National Corridor Infrastructure Improvement Program	0
Transportation Improvements	100,000,000
Research	4,000,000
New Fixed Guideway	114,400,000
Total	\$643,304,000

Highway Earmarks

- Impact on other apportioned programs
 - Below the line: Impacts formula funding → \$314,268,000
 - Above the line: In addition to formula funding → \$120,000,000
- Five-Year Plan
 - In the Five-Year Plan → \$15,900,000
 - Not in Five-Year Plan → \$155,180,000



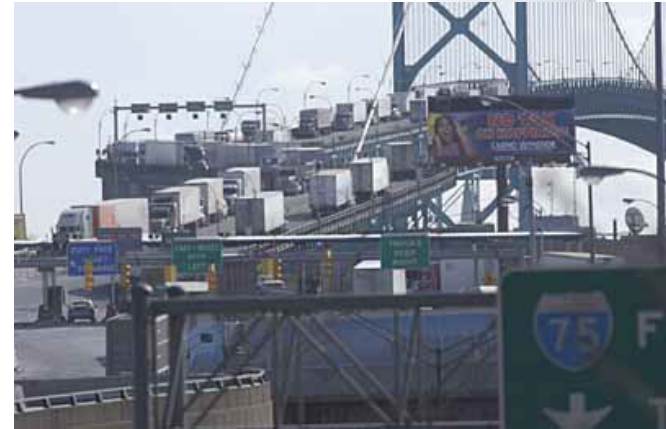
Important Changes to Existing Programs

- Funding for metropolitan planning will increase
- Funding for CMAQ will increase
- Additional flexibility for CMAQ funds
- Capital preventative maintenance on bridges is eligible



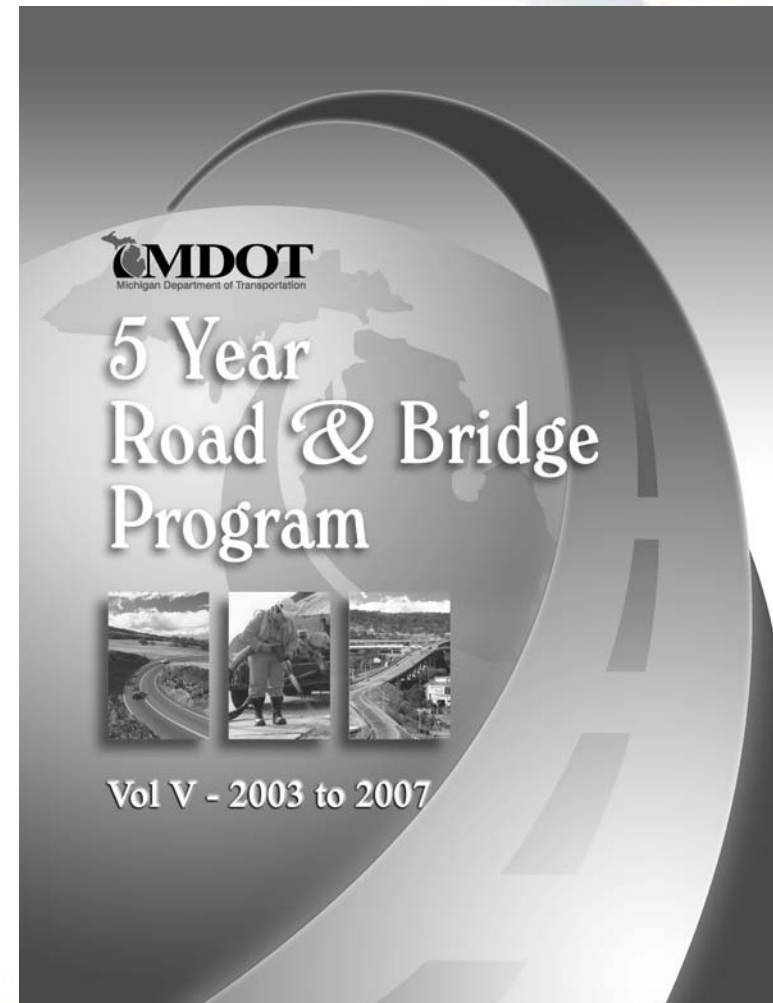
New Formula Program Highlights

- **Border Infrastructure**
 - Average annual formula funding of \$24 million
 - Improve safe movement of vehicles at int'l crossings
 - All projects must be within 100 miles of int'l border
- **Safe Routes to School**
 - Average annual funding of \$3.9 million
 - To encourage walking and bicycling to school



MDOT's Five Year Program

- New challenges created with enactment of reauthorization
- Need to align new funding with announced five-year program
- Adjustments based on:
 - Available categorical funding (increased CMAQ funding, new earmark projects)
 - System condition goals





SAFETEA-LU

The legacy begins...



QUESTIONS

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